

## Message Text

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ACTION SS-30

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /031 W

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O 031740Z JAN 74

FM AMEMBASSY KINGSTON

TO SECSTATE WASHDC IMMEDIATE 3657

S E C R E T SECTION 1 OF 2 KINGSTON 0021/1

EXDIS

E.O. 11652: GDS

TAGS: PINT JM

SUBJ: BAUXITE COMMISSION AND GOJ BAUXITE POLICIES

1. CHARGE TALKED FOR ALMOST TWO HOURS LAST EVENING WITH MINISTER OF MINING AND NATURAL RESOURCES, ALLAN ISAACS, AT THE DCM RESIDENCE. ISAACS SAID THAT THE ECONOMIC COUNCIL HAD IN FACT BEEN SCHEDULED TO CONSIDER A PAPER PRODUCED BY THE BAUXITE COMMISSION THIS FRIDAY. HOWEVER, CONSIDERATION OF THE PAPER HAD BEEN POSTPONED ONE WEEK BECAUSE THERE HAD NOT BEEN AMPLE TIME FOR IT TO BE CIRCULATED AND CONSIDERED BY THE PRINCIPALS. ISAACS SAID THAT THE PAPER NOW BEING CIRCULATED WAS NOT THE COMPLETE STUDY, THE COMMISSION WAS CHARGED WITH PREPARING LAST YEAR. HE SAID THAT IN EARLY DEC THE PRIME MINISTER HAD DECIDED NOT TO WAIT FOR THE COMPLETED REPORT AND TO CALL FOR THE COMMISSION TO COME FORWARD WITH A SUMMARY OF ITS CONCLUSIONS TO DATE FOR THE ECONOMIC COUNCIL'S "CONSIDERATION AND DECISION". ISAACS SAID THAT HE HAD DISASSOCIATED HIMSELF AND HIS MINISTRY FROM THE SUMMARY PAPER, AND HENCE WOULD BE A FREE AGENT AT THE MEETING OF THE ECONOMIC COUNCIL WHEN IT IS HELD.

2. ISAACS REPORTED THAT THE SUMMARY PAPER PRODUCED BY THE BAUXITE COMMISSION (WHICH HE RECEIVED YESTERDAY, BUT HAD NOT YET READ) IS IN FACT A FAIRLY RADICAL DOCUMENT CALLING FOR THE TAKEOVER BY THE GOVT OF ALL BAUXITE LANDS EXCEPT THOSE ON WHICH THE ALUMINA REFINERIES ARE ACTUALLY STANDING, AND THE OPERATION OF THE BAUXITE MINING INDUSTRY BY THE GOVT EITHER DIRECTLY OR ON A LEASE BASIS. ISAACS SAID THE RADICAL NATURE OF THE DOCUMENT WAS  
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DUE TO THE VIRTUAL DEFAULT OF THE MORE MODERATE MEMBERS SUCH AS MASON, BROWN, AND RATTRAY, WHO HAD BEEN SIPHONED OFF TO DEAL WITH DAY-TO-DAY ECONOMIC CRISIS. ISAACS INDICATED THAT HE HAD NOT FAVORED THE ESTABLISHMENT OF THE BAUXITE COMMISSION (PREFERING

TO KEEP BAUXITE POLICY ENTIRELY IN HIS OWN HANDS), BUT THAT THE ORIGINAL INTENTION ON PART OF THE PRIME MINISTER HAD BEEN REASONABLY PURE. HOWEVER, RADICALS IN THE GOVT AND ON THE COMMISSION HAD SEEN AN OPPORTUNITY TO EXECUTE AN END-RUN AROUND THE MODERATES INCLUDING ISAACS HIMSELF. ISAACS EXPRESSED THE OPINION THAT THIS EFFORT WAS DOOMED TO FAILURE SINCE THE POWER OF DECISION LAY WITH THE ECONOMIC COUNCIL ON WHICH THE RADICALS HAD NOT A SINGLE ALLY WITH THE POSSIBLE EXCEPTION OF THE PRIME MINISTER HIMSELF. ISAACS SAID THAT THE STRATEGY HE WAS DEVELOPING WITH THE OTHER MODERATES WAS TO LET THE RADICALS MAKE THEIR PLAY AND DEFEAT THEM DECISIVELY. THEREAFTER, HE SAID, THE GOVT WOULD BE IN A POSITION TO ENTER INTO NEGOTIATIONS WITH THE COMPANIES ON A REASONABLE BASIS.

3. ALTHOUGH CONFIDENT OF SUCCESS OF HIS STRATEGY, ISAACS WAS DEEPLY SUSPICIOUS OF THE PRIME MINISTER'S ACTIONS AND MOTIVES TO DATE. HE INDICATED A CLOSE RELATIONSHIP AND LIASON BETWEEN MANLEY AND FORBES BURNHAM ON BAUXITE POLICY, AND BELIEVES THAT THE COINCIDENCE OF TIMING BETWEEN BURNHAM'S DECISION TO MOVE AGAINST REYNOLDS AND MANLEY'S CALL FOR THE SUMMARY CONCLUSIONS OF THE BAUXITE COMMISSION FOR CONSIDERATION AND DECISION WAS A RESULT. BURNHAM WAS HERE FOR A VISIT IN EARLY DEC, AND ISAACS IS SURE THIS MATTER WAS DISCUSSED AND CO-ORDINATED THEN.

4. IN ADDITION, ISAACS BELIEVES THAT MANLEY MADE UNDERTAKINGS AND COMMITMENTS TO ARABS AND NORTH AFRICAN LEADERS IN THE COURSE OF THE ALGIERS CONFERENCE WHICH WOULD NOT BE ACCEPTABLE TO THE CABINET AND THE PARLIAMENT WERE THAT PUBLICLY KNOWN. SPECIFICALLY, ISAACS THINKS THAT MANLEY COMMITTED HIMSELF TO MOVE AGAINST THE BAUXITE INDUSTRY IN RETURN FOR THE ASSURANCE OF ADEQUATE OIL SUPPLIES AND DEVELOPMENT FUNDS TO REPLACE THOSE WHICH WOULD BE LOST FROM THE INDUSTRIALIZED WORLD IN THE EVENT JAMAICA DID TAKE THE NATIONALIST COURSE. ISAACS SAID THAT WHILE THE FAILURE OF THE PRIME MINISTER'S MISSION TO TRINIDAD TO ACHIEVE ITS OBJECTIVES IN THE THE ENERGY FIELD, AND HIS OWN FAILURE TO CORNER THE VENEZUELAN BY MEANS OF OLADE WAS A BLOW TO JAMAICA'S PROSPECTS, THE PRIME MINISTER DID NOT SEEM AS DISAPPOINTED AS HE OUGHT TO BE,  
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HOWEVER. THIS INDICATED TO ISAACS THAT MANLEY WAS STILL TRYING TO CASH IN HIS THIRD WORLD CHIPS WITH ARABS AND NORTH AFRICAN LEADERS, AND PREFERRED THIS ROUTE TO A REGIONAL ONE. ISAACS CONCLUDED THAT IF THIS WERE TRUE, MANLEY'S THINKING WITH RESPECT TO THE ARABS

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FM AMEMBASSY KINGSTON

TO SECSTATE WASHDC IMMEDIATE 3658

S E C R E T SECTION 2 OF 2 KINGSTON 0021/2

EXDIS

WAS EVEN MORE WISHFUL THAN HIS OWN HAD BEEN WITH RESPECT TO VENEZUELAN AND OLADE.

5. ISAACS REPORTED THAT IN NOV A BRITISH SOCIALIST ECONOMIST OF RADICAL VIEWS, BUT GREAT IMMINENCE AND INTEGRITY NAMED LLOYD BALLOCK (SIC) HAD COME TO JAMAIC AT MANLEY'S REQUEST TO LOOK AT THE BAUXITE INDUSTRY AND MAKE RECOMMENDATIONS. ISAACS SAID THAT BALLOCK HAD SPECIFICALLY AND STRONGLY RECOMMENDED AGAINST NATIONALIZING THE INDUSTRY OR ANY SIGNIFICANT PART OF IT. BALLOCK POINTED OUT THAT MANLEY AND HIS GOVT HAD REPEATEDLY AND PUBLICLY COMMITTED THEMSELVES AGAINST NATIONALIZATION, AND THE CRASS REVERSAL OF THIS POSITION WOULD BE A SEVERE BLOW TO THEIR CREDIBILITY. IN ADDITION, BALLOCK DOUBTED THAT THE GOVT COULD OPERATE THE INDUSTRY EFFICIENTLY AND POINTED OUT THAT, WITH ALL THE EXPLOITATION IT WAS UNDOUBTEDLY SUFFERING, JAMAICA WAS DOING A LOT BETTER OUT OF ITS BAUXITE INDUSTRY THAN GUYANA WAS FROM THE INDUSTRY THERE. ISAACS SAID THAT BALLOCK'S REPORT HAD BEEN A SECRET ONE AND SUBMITTED IN SINGLE COPY TO THE PRIME MINISTER ONLY, BUT THAT MANLEY HAD LET HIM READ PORTIONS OF IT INCLUDING THE ABOVE PASSAGE.

6. COMMENT: ISAACS' ASSESSMENT IS PROBABLY THE CLEAREST WE HAVE HAD THUS FAR. HIS ESTIMATE OF THE STRENGTH OF THE MODERATES AND THE WEAKNESS OF THE RADICALS WHEN THE CRUNCH COMES IS ENCOURAGING. ON THE OTHER HAND, HIS UNEASINESS ABOUT THE PRIME MINISTER, WHOM HE HAS KNOWN SINCE THE LATTER WAS A BOY, IS DISTURBING. IT SEEMS LIKELY THAT, GIVEN HIS DRUTHERS, MANLEY WOULD GO THE SOCIALIST AND NATIONALIST ROUTE WITH RESPECT TO THE BAUXITE INDUSTRY.

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HOWEVER, HIS IS NOT A WHOLLY FREE AGENT BEING CIRCUMSCRIBED PARTLY BY ECONOMIC REALITIES INCLUDING THE ENERGY CRISIS AND BALANCE OF PAYMENTS PROBLEMS; AND PARTLY BY THE MODERATE WING OF HIS OWN PARTY WHICH CONTINUES TO BE BY FAR THE STRONGEST. THOUGH ISAACS DID NOT SPECIFICALLY SAY SO IT IS INCREASINGLY EVIDENT THAT SIR EDGERTON RICHARDSON, PERHAPS IN COLLUSION WITH MANLEY AND BURNHAM, LIES AT THE BOTTOM OF THE CURRENT FLAP, AND THAT HE IS ALMOST CERTAINLY THE AUTHOR OF THE BAUXITE COMMISSION PAPER TO BE CONSIDERED AT THE ECONOMIC COUNCIL NEXT WEEK. ISAACS ALSO PROMISED CHARGE THAT HE WOULD PASS HIM A COPY OF THE PAPER WITHIN THE NEXT SEVERAL DAYS.

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